

1964

CONGRESSIONAL RECORD — APPENDIX

A1159

that help to meet this could be supplied by the rich countries at singularly little cost."

Furthermore, the Economist quotes Mr. Piel, to point out that foreign aid programs would "generate demand for the products of neglected and vital sectors of American industry, including the heavy machinery builders and the machine tool industry."

Mr. Speaker, I would like to call the attention of my colleagues to the following editorial:

[From the London Economist, Feb. 15, 1964]

THE PROBLEM OF PROBLEMS—THE FIRST STEPS THAT SHOULD BE TAKEN TOWARD ORGANIZING EXTENDED AID TO POORER COUNTRIES ARE OBVIOUS, BUT ARE BEING IGNORED

"It is quite clear," said Sir Alec Douglas-Home at Toronto this week, "that the problem of problems in the years ahead is the disparity of wealth between the rich nations and the poor." He devoted much of his speech to what has rightly become one of his main themes, now that he has hopes that the cold war may be thawing. With the division of wealth in the world broadly coinciding with the division of color, we would be living uncomfortably close to something like a white man's 1789, unless the liberalism of this generation can enable "the poor and discontented to see the prize before them of the fullness of life." Unfortunately, the Prime Minister did not make clear any new ideas on how this generation should accomplish this. Nor can it be said that very much emerged from the debate on international aid which the opposition was staging in Parliament even as Sir Alec spoke; labor just said that it would set up a minister to deal with the whole matter. The world's poor ask for bread, and we will probably give them Mr. Arthur Bottomley.

Yet the first steps that should be taken toward organizing a new, coherent, and much extended system of international aid are really fairly obvious. They would surely be implemented if ordinary people could be brought to understand both the urgency and the economics of the matter. But politicians rarely explain the urgency in sufficiently specific terms, partly because they are afraid of being undiplomatic to the Afro-Asians; and they almost never speak straightly about the economics, because international Keynesianism is still not regarded as respectable. It is at the nonpolitical level that most sense is still being talked. There need, therefore, be no excuses if we now jump directly from a speech by Britain's Prime Minister to one just issued by an itinerant American who has become an impassioned advocate of international aid—to the speech by Mr. Gerard Piel, publisher of the Scientific American, at the award of the Kalinga prize in New Delhi.

His estimate is that the total rate of investment in underdeveloped countries at present does not exceed \$20,000 million a year, of which less than \$4,000 million is financed by what he defines as net aid from rich to poor nations. This \$20,000 million a year, which is less than one-fifth of the armaments outlay of the rich nations, is insufficient to cause development to go forward at a pace that will rescue developing countries from the usual, harsh, historical necessity of forcing savings out of their people.

FORCED SAVINGS

"Because history is so largely written by its beneficiaries," we probably underestimate the extent to which past development has been achieved only because some capitalist class or authoritarian government has been able to sit hard on the heads of those who were hurt by the first changes. This was true of England in the industrial revolution, where egregious Victorian moralists have

almost certainly obscured the pain and rebellion of the early days, as men were coerced out of the old Britain of unenclosed yeoman agriculture into the scientific new Britain of the slag heap and the mill-prison. It was true of the United States where, "although historians continue to celebrate the frontier," the primary fodder for industrial revolution was largely furnished by 35 million steerage immigrants; and where the American Negro's present determined drive affords another reminder for Americans of "how the savings for the development of their country were corralled." In the Soviet Union, the bitter costs in coercion of its brief and brutal industrial revolution are now admitted by Russians themselves, although it is still pretended that the costs were due not to forced development but "to foreign invasion, counterrevolution and the cult of personality." The picture has been a fairly consistent one of the first workers and peasants in a developing economy having seething cause for discontent, and of growth-hungry authority comporting itself pretty roughly to suppress it.

If today's underdeveloped countries have to go through similar periods of bitterly resented coercion before economic development is completed, the coercion is less likely to be exerted by a capitalist class than by their governments. On present trends it therefore seems very probable that "the next few years will see the developing countries, one after another, come under authoritarian leadership." Authoritarian African and Asian governments are liable to be extremely excitable and uncomfortable partners on the world scene. The rich countries, in particular those who have stakes in the one-crop and mineral-extracting economies of the preindustrial poor nations, must anticipate that the fervor of the heated new nationalisms will be turned against them. This proliferation of authoritarian regimes among the poor may constantly increase the danger of war.

The maddening thing is that Western statesmen of this generation, even those who rightly recognize this as our biggest danger, do not see how easily it might be avertible. For the economics of the matter are by now much less gloomy than historical pessimists might suppose. For the first time in history it is probable that existing technology is now equal to the task of accelerating the increase of production ahead of the growth of population everywhere in the world. It is, no doubt, far too simple to imply that because \$4,000 million a year of aid underpins a total of \$20,000 million a year of investment in the poorer countries, aid five times as large would underpin \$100,000 million of it; and that \$100,000 million a year of investment would be just about adequate to get development really moving, because some committee of experts from some underdeveloped countries has at some time said so. Wild estimates of that sort should be avoided. But what is clear is that development in the poorer countries that are most ready for economic breakthrough, of which India is the most obvious example, is at present being held back most largely by lack of ability to pay for their imports; and that help to meet this could be supplied by the rich countries at singularly little cost.

BETTER AID

The cost to rich countries of the present inadequate trickle of aid is fearfully exaggerated, in rich countries' own eyes, by what Mr. Piel calls "Sunday economists" (but this paper would prefer to call noneconomists), who have not wakened up to the difference between real costs and budget accounting costs in the modern world. There are two ways in which this thought barrier can be broken through. One, which arouses Mr. Piel's own enthusiasm, is by tied or barter aid. He told his Delhi audience that they could draw great comfort from the fact that

the case for foreign aid, although not a popular cause in Congress, has "nonetheless found direct resonance and firm support in the second most powerful economic interest in our political system. This is American agriculture."

With less than a million farms in the United States pouring out enough calories to feed a thousand million people, the U.S. Government has found it actually to be politically popular to sell food surpluses abroad under Public Law 480. Under this law, food surpluses are sold to underdeveloped countries like India at world prices, but the American Government takes payment in nonconvertible currency which it then lends back to India again. The American farmer gets paid in dollars by his own Government; that Government is paid by running up an admittedly pretty bogus blocked credit abroad, but is also assuaged by finding in its own budget accounts (to quote Mr. Piel) "savings in price support acquisitions, storage, and interest" of surprisingly large amounts; the depressed shipping industry picks up extra revenue, the multiplier effect spreads through the underemployed American economy, and everybody is as happy as the lark. Looking forward hopefully to the problems of industrial readjustment if America's armaments spending starts to decline because of "the acquisition of overkill," Mr. Piel sees every case for similar foreign aid programs that would "generate demand for the products of neglected and vital sectors of American industry, including the heavy machinery builders and the machine tool industry, whose domestic business proceeds in cycles of chickens today and feathers tomorrow."

If barter aid is the easiest way of breaking through the thought barrier, then by all means let barter be resorted to; but orthodox bankers should be the first to realize that a convenient way of avoiding barter is to be found in a 2,000-year-old device called money. The real answer to the "problem of problems" of this generation is to proceed at last to the invention of a proper international monetary system, one that would allow Keynesian policies to work across frontiers instead of merely within them. The underdeveloped countries should be given, on a discriminatory basis, large annual injections of purchasing power through the International Monetary Fund in terms of some new international unit of account. Those who object to the expense of this should be told by weekday economists that there are in fact only two senses in which this credit could cost anybody anything.

ECONOMICS, MORALS, AND POLITICS

First, it would cost the underdeveloped countries themselves something if the automatic covering of their import gaps so removed internal discipline from their own governments' economic policies that economic stimulation was pushed past the stage of genuine development into disruptive inflation. This can certainly happen, but it could also very easily be stopped if the central international organization creating the credit showed any financial courage at all. Secondly, the initial cost to richer countries of such an aid scheme would show itself in an increase in their balance-of-payments surpluses, paid for by the transfer to them of these new and convertible international units of account; this is not a form of aid which would be likely to worry Sunday economists unduly.

After a while, of course, these export surpluses forced upon the richer countries would involve some real costs, if they impose new inflationary pressures upon them. But it is important to remember the orders of magnitude involved. If some such credit system enabled poorer countries to spend an extra \$5,000 million of new foreign exchange a year, this would double the present total of international aid to them; but it would add

A1160

CONGRESSIONAL RECORD — APPENDIX

March 5

less than 4 percent to the total value of demand entering into international trade, and much less than 1 percent to the total of demand falling upon richer countries' resources from the internal expenditure of their own national incomes. As it would be given out in a way that would actually improve Western countries' recorded balances of payments, instead of worsening them, this extra demand might in at least some Western countries prove more useful in promoting expansion than deleterious in threatening inflation. In that event, Mr. Piel and other enthusiasts would be actually and soberly right in saying that a large extension of aid would bring economic benefit to the rich as well as to the poor.

But even if the economics of the matter for the richer countries were rather worse than neutral, the morals and politics of the case for expanding aid are transcendently urgent. Historians will look back upon the failure to improve the international currency system, to fit it for international Keynesian policies, as the most extraordinary economic failure of this generation. They will regard it with the same blank astonishment and impatience as most educated people today regard the failure to follow internal Keynesian policies at the beginning of the 1930's. And this time, as anybody who follows events in Asia and Africa must know, the penalties of ignorant inertia could be so fearfully much greater. How can pressure be mobilized on slow-moving Western politicians to make them recognize this?

Mrs. Bolton's ChoiceEXTENSION OF REMARKS
OF**HON. WILLIAM E. MINSHALL**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 5, 1964

Mr. MINSHALL. Mr. Speaker, last week our distinguished colleague, the gentlewoman from Ohio, FRANCES P. BOLTON, observed her 24th anniversary as a Member of Congress.

The Cleveland Press observed the occasion with an editorial paying the respects of the community to this great and gracious lady.

Under leave to extend my remarks, I am inserting the editorial in the RECORD:

Mrs. Bolton's Choice

Back in 1939, Mrs. FRANCES P. BOLTON found herself a widow after more than 30 years of married life. She was past 50; her children were grown and she had enough money to live in comfort.

Faced with these circumstances, many women would be convinced their lives were over and would spend their time traveling, playing bridge, or simply waiting for old age.

Mrs. Bolton, of Lyndhurst, did none of these. She ran in a special election to fill the 22d District seat of her late husband in Congress. She did so well that this week, at the age of 78, she started her 25th year in the House representing half a dozen East Side wards and 10 suburbs.

Fellow Republicans saluted her—among them her son, OLIVER, who represents the 11th District with Lake, Geauga, Portage, and Trumbull Counties.

Mrs. Bolton has been more than just another Congressman. She is devoted to her district and spends more money working at her job than she gets in pay. She is a leader in the House Foreign Affairs Committee.

Most of all, Congresswoman BOLTON is a reminder to other women that usefulness is never over until you think it is.

The Challenge of Citizenship

EXTENSION OF REMARKS

OF

HON. WILBUR D. MILLS

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 4, 1964

Mr. MILLS. Mr. Speaker, each year the Veterans of Foreign Wars of the United States conducts a Voice of Democracy contest. This year over 250,000 high school students participated in the contest competing for the four scholarships that are awarded as the top prize. The winning contestant from each State is brought to Washington, D.C., for the final judging as guest of the Veterans of Foreign Wars.

The winning contestant from Arkansas is Mr. Phillip Byrd, Little Rock, Ark., and a constituent of mine. I am very proud to insert in the RECORD his winning speech for I think Mr. Byrd has ably, but succinctly, developed the subject and that his remarks on citizenship are inspiring and meaningful. I feel certain that the Members of Congress, and others, would enjoy reading them:

THE CHALLENGE OF CITIZENSHIP

(By Phillip Byrd, Little Rock Central High School, Little Rock, Ark.)

We, the Americans of the 20th century, will be remembered as long as civilization exists. But, our efforts and accomplishments will go down as the history of a great nation only if we meet the challenge of citizenship. Citizenship in this Republic is accompanied by countless freedoms—freedoms we are constantly aware of in our daily lives. Each day we pray without fear of persecution. We vote in elections, choosing our Chief Executive and our lawmakers. We select our schools for the development of our talents. We plan our careers with no authoritative interference. While half the world starves, we have food in abundance; and while many men are but pawns of their governments, we have the freedom our forefathers fought to give us, and our fathers fought to keep for us.

If we are to meet the challenge offered citizens of a great democratic state, we must face up to the obligations of all freemen. We must realize that for a nation to remain free, its people must take the responsibility to keep that God-given freedom. The citizens of Athens were free for many years until such time came that they wanted to give nothing to the state, but wanted the state to give everything to them; the freedom they wished for most was freedom from responsibility; and because they were negligent in their obligations of state, they suffered the loss of their freedom. The charge to see that we of our great democracy do not meet with this same fate rests in our hands.

When our forefathers undertook to carve a nation out of a vast wilderness, they were faced with a great challenge. Before them lay many obstacles. But despite the unpredictable and often severe weather, the insurmountable terrain, the hostility on both sides of the Atlantic, the United States of America emerged an America of free people.

But being free does not mean the struggle is over, that our security and might are forever assured. Today, we are faced with an even greater challenge, the challenge of American citizenship. The United States is the wealthiest nation in the world. We have the world's highest standard of living. Many things which seem unattainable to peoples of other nations are but routine in our daily living—and so it is with our citizenship.

Are we taking it lightly? Are we failing to remember that many have given their lives so we can walk the streets without fear of being arrested because of our religious beliefs, without fear to assemble publicly, without fear to criticize a duly elected official?

As we face this challenge, we assume certain duties. Along with the privileges afforded by American citizenship, these duties must be performed before we can truly be worthy of our freedoms. Because we as Americans enjoy these freedoms, we must respect the dignity of every man, for his personal rights are as sacred as ours. We must hold high the responsibility for honest elections in our representative government. We must vote as intelligently as possible—free of all prejudice and greed. Then we must respect our public officials so they may best perform their duties. If we do these things, remembering that as long as a people fulfills the obligations of freemen, the Government will remain a servant of the people, as our forefathers intended it to be.

As we probe into the future with its complex problems seeking solution, we must remember that our enemies' strongest allies are our indifference of spirit, our weakness of will, and our compromise of principle. On freedom's side stand the enduring strength of our forefathers, a steadfast faith in our way of life, and a firm resolve to defend our precious heritage. The people within a nation lose their freedom when they take it for granted, believing it can be safeguarded without constant vigilance, hard work, and self-denial. Our determination to be free, though challenged by cold wars and nuclear threats, is the price of liberty. With God's help, we shall fulfill the challenge of citizenship by paying that price.

The Need for a New Trade and Embargo Policy With Communist Nations

EXTENSION OF REMARKS

OF

HON. ROBERT TAFT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 18, 1964

Mr. TAFT. Mr. Speaker, events of recent months have pointed up once again the crying need for a reexamination of present trade practices and policies with the Communist nations and for the drawing up of a firm statement of principles based on that study. It is not only the American people, but the entire world, that has now become completely confused by the vagaries and inconsistencies of U.S. policies.

Clearly these policies are entirely ineffective today and are leading to misunderstandings and differences of opinion with other nations of the free world, which may well jeopardize the structure of NATO and other relationships with free nations unless action is taken to clear them up. A place at which we might start would be with a reevaluation and revision of our entire policy toward the black listing of ships visiting Cuban ports and the Johnson administration's new policy, put into effect in December of 1963, under which ships may be removed from that black list. The facts are that at the present time there are 200 ships on this black list and since December 38 ships have been removed from the black list, but even with this

1964

CONGRESSIONAL RECORD — APPENDIX

A1161

removal there has been a net addition of 2 ships to the black list since the first of December 1963. This shows clearly that our black listing policy is not working and that since the revision in our policies, there has been a net increase of ships, other than Russian ships, visiting Cuban ports, rather than any decrease. This is not surprising in view of the lax provisions under which black-listed ships can now be removed from the list. Of the total of 38 such removals, 6 have been British ships, and 14 have been Greek ships. It should particularly be noted that the pledge given by the owners, in order to remove such a ship from the black list, specifically excludes any commitment that ships already chartered for Cuban trade will be withdrawn before the termination of their charter if such charters were entered into before December 16, 1963. Such charters may in some circumstances last 2 or 3 years. The feeling of many in Congress, in which I share, is that this removal procedure should itself be removed and that we should extend our embargo policy insofar as U.S. ports are concerned to the ships of any registry which continue to visit Cuban ports after a warning period of 2 or 3 months, regardless of the terms of outstanding charters. Those ships would have an option to make their choice one way or the other, and we could look for some net decline in the number of ships from our allies using Cuban ports and helping to sustain the Communist effort in Cuba, which is being strengthened by this trade.

At the same time, a reexamination of our entire trading policy with Communist nations in other parts of the world should be studied and new principles clearly stated and instituted. A good place to start on this project would be to reconsider the decision forced upon the Congress by President Johnson on Christmas eve, under which the Export-Import Bank and presumably other financing sources are specifically permitted to guarantee the credit of Communist nations on shipments of wheat or of any other products for which export licenses are granted. If the wheat sale proposal had been submitted to and considered by the Congress and it had stuck to the original terms of cash on the barrel head, one half American shipping, and guarantees against diversion to Cuba, it might have been acceptable to many Americans.

However, the idea of guaranteeing Communist credit, of increasing subsidies on such oversea shipments, and of otherwise taking steps to assist the faltering agricultural economy in Russia is wholly abhorrent to them. But with such attitudes officially endorsed, we can not be surprised at the decision of Great Britain and other nations to indulge in Cuban trade to their heart's content as witnessed by the recent bus sale and by the present discussion of French truck deals which may soon materialize.

These are just a couple of examples of the inconsistencies and confusion which dominate the whole question of U.S. trade policy with the Communists at the present time. If we don't know

where we stand or where we are going ourselves, it is hard to see how we can expect the rest of the world to understand us or to cooperate with us in our efforts. There is little time to be lost in correcting this situation because the ramifications in our relationships with other nations are themselves as dangerous and upsetting as the increased strength given to Communist Cuba.

Sensible Advice From a Swedish Uncle

EXTENSION OF REMARKS

OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 4, 1964

Mr. MULTER. Mr. Speaker, Gunnar Myrdal, the famous Swedish economist, has written the following article which appeared in the February 8, 1964, edition of the New Republic. This wise man has some excellent advice for us as we begin the war on poverty in America. He advocates a Marshall plan to eradicate poverty.

The article follows:

THE WAR ON POVERTY

(By Gunnar Myrdal)

(NOTE.—Ever since he published "An American Dilemma," 20 years ago, the Swedish economist, Gunnar Myrdal, 66, has been accepted as a sort of wise and benevolent uncle by Americans. It is said of Dr. Myrdal that Americans will willingly listen to harsh things from him that would anger them coming from almost anyone else. Last week, Dr. Myrdal flew in from Stockholm to open a conference on "Poverty-in-Plenty" that marked the 175th anniversary of Georgetown University in Washington, D.C. Refining and elaborating some of the arguments in his recent book, "Challenge to Affluence" (Pantheon), Dr. Myrdal chided the United States for being the rich country that preserves pockets of poverty through outmoded fiscal practices, and consequently has the worst slums and is least generous in giving economic security to its senior citizens, its children and its sick.)

Having to live with large pockets of poverty-stricken people in their midst is not a new experience in the American Nation. Right from slavery the masses of Negroes formed such pockets, both in the rural South and in the cities South and North. Such pockets were also formed by other colored people who immigrated to work as laborers from Asia, Mexico, and Puerto Rico. Most American Indians in their reservations were also poor and isolated as they are today. There were also, as there are still, pockets of poor whites, ordinarily of old American stock, who lived by themselves in abject poverty and cultural isolation.

I believe it is important to have in our minds this broad picture of the historical reality of American poverty as a background to the discussion of the problems facing us today. The regular, prosperous Americans have become accustomed to living with unassimilated groups of people in their midst, about whom they know in a distant and general way that they are very poor. The fact that in earlier times they themselves lived under the risk of being thrown out of work and losing their livelihood, if only temporarily, made it easier for them to feel unconcerned about the people who more permanently were enclosed in the pockets of

poverty. Otherwise, the existence of all this poverty in the midst of progressive America stood out in blunt contradiction to the inherited and cherished American ideals of liberty and equal opportunity, as these ideals increasingly had been interpreted, particularly since Franklin D. Roosevelt and the New Deal.

Automation and other changes are all the time decreasing the demand for unskilled and uneducated labor. Standards are rising fast even in household and other menial work. Something like a caste line is drawn between the people in the urban and rural slums, and the majority of Americans who live in a virtual full-employment economy, even while the unemployment rate is rising and the growth rate of the economy is low. Except for a lower fringe, they experience a hitherto unknown security, for it is a tacit understanding in America, as in the rest of the Western World, that a recession will never again be permitted to develop into anything like the great depression. But there is an underclass of people in the poverty pockets who live an ever more precarious life and are increasingly excluded from any jobs worth having, or who do not find any jobs at all.

I want to stress one important political fact. This underclass has been, and is largely still, what I have been accustomed to call the world's least revolutionary proletariat. They do not organize themselves to press for their interests. The trade union movement comprises only about one-fourth of the workers, mostly its upper strata who in the main belong to the prosperous majority. To a relatively higher extent than normally they do not register and vote at elections—even apart from the large masses of Negroes in the South who are prevented from doing so.

In very recent times we have seen one important break of this empirical rule of the political apathy of the poor in America. I am, of course, referring to the rebellion of the Negroes in southern and northern cities. Without any doubt, this is a true mass movement—so much so that the Negro leaders in the upper and middle class have had to run very fast to remain in the lead, as have, on the other side of the fence, the administration and other whites responsible for American policy.

I am not at this time going into the question of how this movement, so exceptional to what has been the pattern of passivity on the part of the poor in America, has come about. But I should mention two things about which I am pretty sure. One is my belief that the outbreak of this rebellion just now is not unconnected with the high and, as a trend, rising rate of unemployment, which as always runs much higher—about double—for Negro workers than for whites. Another thing of which I am convinced is that this movement will not abate unless very substantial reforms are rapidly undertaken to improve the status in American society of its Negro citizens. I am optimistic enough to forecast that in the next 10 years the Negroes will get legal rights equal to the white majority, and that these will be enforced. What will still be needed are, in particular, social sanctions to defend the Negroes' equal opportunities to employment, against the resistance of trade unions more than employers and the business world, particularly big business. And even when all this is accomplished, the Negro masses will nevertheless continue to suffer all the lasting effects of the disabilities and disadvantages of their poverty, their slum existence and their previous exclusion from easy access to education and training for good jobs.

Indeed, it is easy to understand why some of the Negro leaders, and some white liberals, are now raising the demand for a new Marshall plan to make good the effects of the maltreatment in America of the Negroes from slavery and up till this day. Never-

A1162

CONGRESSIONAL RECORD — APPENDIX

March 5

theless, I am convinced that this demand for a discrimination in reverse, i.e., to the advantage of the Negroes, is misdirected. Nothing would with more certainty create hatred for Negroes among other poor groups in America, who have mostly been their bitterest enemies as they have been the only ones who have felt them as competitors. Moreover, special welfare policies for Negroes are not very practical. Negro housing cannot very well be improved except as part of a plan to improve the housing situation for poor people in general. The same is true of education. Special welfare policies in favor of the Negroes would strengthen their exclusion from the main stream of American life, while what the Negroes want is to have equal opportunities.

What America needs is a Marshall plan to eradicate poverty in the Nation. This is a moral imperative. The unemployed, the underemployed and the now unemployables are also America's biggest wastage of economic resources. The poor represent a suppressed demand which needs to be released to support a steady rapid growth of American production. The goals of social justice and economic progress thus are compatible. A rapid steady economic growth is impossible without mobilizing the productive power of the poor and clothing their unfilled needs with effective demand. The existence of mass poverty in the midst of plenty is a heavy drag on the entire economy.

The statistics on unemployment in America do not tell the whole story. Besides the 4 million unemployed there are the workers who are only part-time employed, those who have given up seeking work, and all the underemployed. It is an ominous fact that even the prolonged upturn in production from 1961 and onward has not implied a substantial decrease in the rate of unemployment. Nobody seems to expect that the continuation of the present boom will bring down unemployment to a level that could be considered even to approach full employment. And nobody assumes that there will not be a new recession, if not this year then the next. It is reasonable to expect that the unemployment rate will then reach a new high point. There are definite signs that the trend is rising.

For this there are explanations. I believe it is important to stress that none of the specific explanations put forward makes a rising trend of unemployment inevitable, or could by itself prevent the attainment of full employment. Only in conjunction with each other do these influences have the present disastrous result. If, in the sixties exceptionally, many young workers enter the labor market, this should not necessarily mean more unemployment. Production could expand rapidly enough to absorb them, and all the new workers could have been properly educated and trained so that they fitted the demand for labor as it has been changing. Long ago, Prof. Alvin Hansen and other economists, including myself, used to think that in rich countries, where capital is plentiful, a rapid population increase would rather act as a spur to expansion. It would stimulate the demand for new housing and all the goods and services accessory to housing, and for new schools, teachers, and productive capacity.

Likewise, automation should not by itself lead to unemployment if output expanded enough and the labor force were adjusted to fit the change in demand, caused by automation itself among other things. There are countries with full employment that have an equally rapid pace of automation. There, automation is viewed as driven forward by the scarcity of labor and as resulting in higher productivity of labor, higher earnings and a rising consumers' demand for products and services; in America, as a cause of unemployment.

OUR CHANGING SOCIETY

What type of society are we moving toward in the modern rich countries? A continually smaller part of our total labor force will be needed in agriculture, manufacturing industry, heavy transport, distribution of commodities, banking, and insurance. If we could countervail Parkinson's law, which for various reasons is working with particular force in America, even many sectors of public service would demand less labor.

It is the serious lag in adjusting the education and training of our labor force to the needs of this new society which is the general cause of the situation where we have serious overemployment in some sectors of our economy, at the same time as there is an uncomfortable large and growing residue of structural unemployment and underemployment that cannot be eradicated by an expansion of our production that is feasible.

Against this background it is easy to establish the broad lines of the policies that we will have to apply in order to cure our economic ailments. Huge efforts will have to go into education and vocational training, not only on the higher levels but on the level of grade schools and high schools. Particularly will we have to lift the level of elementary education for the poor people in the urban and rural slums, who are not now getting an education that fits them to the labor market. We must at the same time undertake the retraining of the older workers who are continuously thrown out of jobs without having the abilities to find new ones in our changing society.

I see it as almost a fortunate thing that America has such vast slums in the big cities and smaller ones in the small cities; so many dwellings for poor people that are substandard; so many streets that need to be kept cleaner; such crying needs for improved transport. To train unskilled workers to do such jobs should be easier than to make them teachers or nurses.

INCREASED PUBLIC SPENDING

It should be stressed, however, that a primary condition for success is rapid and steady economic expansion of the national income. Without an increased demand for labor, no efforts for training and retraining workers on a mass scale can succeed. This is the important argument for the view that expanding the economy is the essential thing. Expansion is, in a sense, the necessary condition for any effort to readjust the supply of different types of labor to demand.

A common characteristic of all the reforms directed at raising the quality of the labor force and eradicating poverty in the midst of plenty is that the increased expenditure will be public expenditure. Even when poverty is gone when there is little or no unemployment or underemployment, a relatively much larger part of the Nation's needs will have to be met by collective means. In the future society toward which we are moving, where our productive efforts will increasingly have to be devoted to the care of human beings, health, education, research, and culture, and to making our local communities more effective instruments for living and working, public spending will be an ever larger part of total spending. This is because it is not very practical and economical, and in most cases not even possible, to rely on private enterprise for filling these types of demands.

This brings up the problem of balancing or not balancing the Federal budget. Large sections of the public and Congress hold, on this question, an opinion that has no support in economic theory and is not commonly held in other advanced countries: that, in principle, expenditures of the Federal budget should be balanced by taxation.

A recent experience from my own country, Sweden, must seem curiously up-side-down to Americans. In a situation of threatening

overfull employment and inflationary pressure, the Swedish social democratic government, which has been in power almost a third of a century, felt that it needed to put on brakes, and decided to raise taxation to a level where, for a while, we actually had a balanced budget in the American sense. The political parties to the right of the party in power criticized the government fiercely for overtaxing the citizens, and insinuated that this was a design to move our economy in a socialistic direction, by robbing the citizens and private business of the funds they needed. So differently can the problem of balancing the budget appear in two otherwise very similar countries. In fact, you have examples nearer at hand. When the railroads were built in America, the Federal Government favored the railroad companies in various ways, which occasionally broke the rule of balancing the budget.

The analogy that a nation must handle its purse strings with the same prudence as an individual is false. An individual is not in the position to borrow from himself. Moreover, if the implication is that the Government should not borrow even for productive purposes, it is a rule which no private householder follows, or should follow, if he is wise and prudent. And we know that there has been a huge increase, both absolutely and relatively, of private borrowing, by business as well as by consumers.

This does not mean that Congress should not carefully weigh each dollar that is spent and each dollar that is taken in by taxation or other means. But the weighing should be in terms of progress and welfare for the Nation. I can see no virtue in America having decreased its national debt in postwar years to half its size compared with the national income, while abstaining from undertaking a great number of public expenditures that would have been highly productive from a national point of view. America has been satisfied for a whole decade with a rate of growth of only a little more than 1 percent per head, and with unemployment rising to the present high level. In the interest of public enlightenment I would wish my American colleagues to spend a little more of their time disseminating some simple truths about budget balancing and related issues. America cannot afford to remain the rich country that has the highest rate of unemployment, and the worst and biggest slums, and which is least generous in giving economic security to its old people, its children, its sick people and its invalids.

Scientific Data for the Seventies

EXTENSION OF REMARKS

OF

HON. EMILIO Q. DADDARIO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 4, 1964

Mr. DADDARIO. Mr. Speaker, Dr. Earl W. Lindveit, of the American Council on Education, recently delivered a stimulating talk about the needs for scientific manpower in the coming years.

Dr. Lindveit spoke at the ninth annual aerospace power symposium, sponsored by the Utah Wing of the Air Force Association at the Hotel Utah in Salt Lake City. Distinguished panels examined the challenges of the 1970's in industry, education, national security and travel. Dr. Lindveit, who has served as a professional staff member with the Con-